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THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.  JUNE 1952

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SUMMARY

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A record flow of spending has been supporting a high level of demand for most goods and services. Consumer buying increased in April and May, Government spending for defense rose further, and business investment continued at a high level. However, the virtual halt in steel production in June reduced total production, employment, and incomes. A continuation of the work stoppage in steel would further reduce the flow of income payments to workers and weaken the demand for food and other farm products. Moreover, the reduction in supplies of steel products and durable goods in general which would result from a prolonged curtailment in steel output would hinder food production this year and would tend to reinforce upward pressure on the farm-cost structure.

Marketings of farm products in the second quarter of this year were estimated at about 6 percent above last year. Even though prices were down somewhat, estimated cash receipts were approximately 2 percent larger than in the second quarter of 1951.

Farm cost rates also have risen as prices paid by farmers for items used in farm production, interest, taxes, and farm wage rates averaged 3 percent higher in the April-June quarter than a year earlier.

The index of prices received by farmers in mid-June eased off one point largely as a result of lower average prices for meat animals, truck crops, food grains and dairy products. Prices of several important crops increased during the month. Largest gains were registered for potatoes following their release in early June from ceiling price regulations, for cotton reflecting increased activity in the textile markets, and for new-crop peaches from the Southern States.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951		1952			
		Year	May	Feb.	Mar.	Apr.	May
Industrial production <u>1/</u>							
Total.....	1935-39=100	220	222	222	221	216	214
All manufactures.....	do.	229	233	232	231	225	223
Durable goods.....	do.	273	276	284	284	277	276
Nondurable goods.....	do.	194	198	190	188	183	180
Minerals.....	do.	164	165	167	164	166	161
Construction activity <u>1/</u> #							
Contracts, total.....	1947-49=100	171	193	156	164	171	
Contracts, residential.....	do.	170	166	163	174	192	
Wholesale prices <u>2/</u> #							
All commodities.....	1947-49=100	115	116	112	112	112	112
All commodities except farm and food.....	do.	116	117	114	114	113	113
Farm products.....	do.	113	116	108	108	109	108
Processed foods.....	do.	111	112	110	109	108	109
Prices received and paid by farmers <u>3/</u>							
Prices received, all products.....	1910-14=100	302	305	289	288	290	293
Prices paid, interest, taxes and wage rates.....	do.	281	283	288	288	289	289
Parity ratio.....	do.	107	108	100	100	100	101
Consumers' price <u>2/</u> <u>4/</u>							
Total.....	1935-39=100	186	185	188	188	189	189
Food.....	do.	227	227	228	228	230	231
Nonfood.....	do.	164	164	167	167	167	167
Income							
Nonagricultural payments <u>5/</u> ...	Bil. dol.	229.4	229.0	238.0	238.4	238.8	
Income of industrial workers <u>3/</u> ...	1935-39=100	428	424	429	431	422	
Production worker pay rolls <u>2/</u> ...	1947-49=100	129	128	131	131	128	
Weekly earnings of factory workers <u>2/</u>							
All manufacturing.....	Dollars	64.88	64.55	66.91	67.19	65.83	66.32
Durable goods.....	do.	69.97	69.60	72.18	72.55	71.03	71.11
Nondurable goods.....	do.	58.50	58.93	59.97	60.09	58.91	59.60
Employment							
Total civilian <u>6/</u>	Millions	61.0	61.2	59.8	59.7	60.1	61.2
Nonagricultural <u>6/</u>	do.	54.0	53.8	53.7	53.7	53.7	54.2
Agricultural <u>6/</u>	do.	7.0	7.4	6.1	6.0	6.4	7.0
Government finance (Federal) <u>7/</u>							
Income, cash operating.....	Million dollars	4,945	4,148	6,275	10,436		
Outgo, cash operating.....	do.	4,836	4,144	5,328	6,120		
Net cash operating income or outgo.....	do.	+109	-1,006	+947	+4,316		

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of The Demand and Price Situation.

^{1/} Federal Reserve Board. Construction activity revised to 1947-49 base. ^{2/} U. S. Department of Labor, Bureau of Labor Statistics. ^{3/} U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. ^{4/} Consumers' price index for moderate-income families in large cities. ^{5/} U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. ^{6/} U. S. Department of Commerce, Bureau of the Census. ^{7/} U. S. Department of Treasury. Data for 1951 are on average monthly basis.

Revised series.

The index of prices paid by farmers including interest, taxes, and farm wage rates declined 3 points during the month ended June 15, largely because of sharply lower prices for feeder livestock and slightly lower feed prices. This was the largest month-to-month drop in the index since early 1949. With a relatively larger decline in prices paid by farmers, the parity ratio increased one point in June to 102 which compares with 107 in June 1951.

Price controls have been extended through April 30, 1953. Among the important modifications is the elimination of price ceilings on fruits and vegetables in fresh and processed form. Large stocks and favorable crop prospects in general will deter any pronounced upward movement in prices.

Consumer buying in general increased during April and May. Automobile stocks, accumulated during April, were reduced sharply in May and inventories of other consumer durables apparently declined further. The May rise in retail sales was accompanied by a further increase in consumer credit outstanding indicating that at least part of the rise in consumer buying was due to the suspension of controls on credit in early May. Government outlays continue to rise as the national security program expands. Moreover, recent reports on investment plans of business men suggest a continued high level of investment spending in the second quarter.

Nonagricultural employment rose about 500,000 from April to May, a greater than seasonal gain and the first sizable increase this year. This rise took place primarily among adult workers rather than students as was the case in 1951. The pickup in employment so far this year has been largely concentrated in the construction industry. There apparently has been a downward drift in factory employment in recent months.

Industrial production was off a little from April to May largely because of a work stoppage in the petroleum refining industry. Automobile output in April and May was near a 4.8 million-unit annual rate. Further declines were registered for major household appliances. With steel output virtually halted during June industrial production will average lower than in May.

Commodity Highlights

Total livestock slaughter and meat production in the second half of 1952 will be about the same as last year with continued strength in meat prices. Prices for fed cattle may increase in early fall, but prices for grass cattle are expected to decrease seasonally near the end of the grazing season. A seasonal peak in hog prices may be reached in late summer or early fall. Prices for lambs will likely decrease seasonally with large fall marketings. Prices received by farmers for milk and butterfat, have passed the seasonal low point and probably will rise about seasonally to the late fall or winter peak. Egg prices rose seasonally in June, but continue far below the levels of a year earlier. Poultry prices were low in June under the impact of large supplies. Production of primary edible fats and oils this summer is expected to drop below year-earlier levels. The 1952 growing season for feed crops was generally favorable through most of June. With wheat supplies expected to be at about a record level for the 1952-53 marketing year, prices to farmers may continue to decline at least during July. As supplies of deciduous fruits become seasonally larger after July, prices may average a little lower than in the summer of 1951. Grower prices for summer oranges in July and August are expected to continue at or near June levels. Prices of most fresh vegetables probably will continue through early summer at levels somewhat higher than a year earlier because of smaller supplies and continued strong demand. Not much change from current price levels is expected for canned and frozen vegetables during 1952. After the sharp rise which accompanied the lifting of price ceilings on potatoes, market prices declined with increased shipments, but have since strengthened. The price of cotton increased rather steadily from the last half of May through June as a result of increased textile-mill activity. Wool prices at the Australian auctions during June continued the advance which began in early March and was interrupted by only a slight decline in late May. Smoking and chewing tobacco consumption during January-May was indicated at 4 percent less than a year earlier.

TOTAL DEMAND FOR GOODS AND SERVICES

Retail Sales Higher

Retail sales, after adjustment for seasonal differences, rose in both April and May reaching a monthly rate of 13 billion dollars, nearly 5 percent higher than March. Most of this advance can be attributed to a 10 percent gain in the sales of durables. Automotive sales, after an 11 percent increase in April, rose again in May by 9 percent to a level exceeded only by the peak rates in the two post-Korean buying waves. Sales of home furnishings declined markedly in April then rose 6 percent in May. Increased May sales of these two groups of consumer durables apparently reflect to some extent consumer response to the suspension of consumer credit control in early May. Building materials and hardware declined 2 percent over the two-month period. Nondurables sales made small but rather general gains in both April and May. Food and general merchandise groups made the largest gains, reaching levels about 3 and 4 percent

respectively above March. Apparel sales declined 1 percent in May but still were 2 percent higher than March. The dollar volume of retail sales in May was about 5 percent larger than a year earlier and higher than in any other month except January and February 1951. Both durable and nondurable sales were above a year ago with gains somewhat greater for durable goods.

Seasonally adjusted department store sales increased approximately 5 percent in May and regained January levels. This is the first month-to-month increase in the index since November 1951. With the termination of controls on consumer credit in early May, department store sales of household durables showed marked increases in some areas.

Part of the April increase in retail sales was made possible by an expansion in consumer credit. Credit outstanding increased 200 million dollars during April and at the end of the month totaled 19.8 billion dollars, nearly 650 million above last year. Installment credit increased 150 million dollars in April with a seasonal increase of 70 million in automobile sale credit and a 90-million-dollar gain in direct loan credit, much of which may have been used to purchase automobiles. Other sale credit declined in April reflecting the slow sales of other consumer durables. An increase of 60 million dollars in charge accounts, largely resulting from Easter sales, accounted for most of the monthly increase in noninstallment credit. Available information indicates that consumer credit outstanding increased further in May following the suspension of credit controls (Regulation W) early in the month. This increase financed at least part of the rise in consumer buying during May.

Retail inventories, adjusted for seasonal variations, increased slightly during April, after declining steadily since May 1951. Durable goods inventories, which had dropped 17 percent from May last year, were up, largely as a result of a 6 percent gain in the automotive group. Some increase in home furnishings also was indicated. Nondurable inventories remained unchanged as a decrease at food stores offset increases in apparel and general merchandise inventories. Preliminary indications for May suggest that automobile stocks were reduced sharply during the month and that inventories of other consumer durables declined.

Personal income, at a seasonally adjusted annual rate of 258.9 billion dollars in April, was virtually unchanged from March and has varied less than 1 percent since October 1951. Income from interest and dividends rose 3 percent during April but all other major components of personal income remained rather stable.

Compared with April a year earlier, personal incomes were up 4 percent. Government wage and salary disbursements increased 16 percent accompanying the expansion in the armed forces and the defense activities of the Government. Proprietors' and rental income showed a slight decrease. Other components made gains ranging between 2.5 and 6 percent. Personal contributions for social insurance increased nearly 15 percent over the year reflecting the extension of this program to additional groups of workers.

Investment Continues High

According to a survey made in April and early May by the Securities and Exchange Commission and the Department of Commerce, businessmen planned to spend 14 percent more for new plant and equipment in the second than in the first quarter of this year. However, after adjustment for seasonal factors, spending at this rate would be about equal to the annual rate of 24.5 billion dollars in the first quarter. According to these plans, all ~~major~~ industries would register gains ranging between 15 and 23 percent except the commercial and miscellaneous group and railroads which anticipated increases of only 3 and 8 percent respectively. In the important manufacturing segment large gains were scheduled for motor vehicles, 37 percent, and the large basic industries: primary iron and steel, 23 percent; petroleum and coal products, 34 percent; nonferrous metals, 27 percent; and chemicals and allied products, 16 percent. The only manufacturing industries which did not plan to increase expenditures in the second quarter were textiles, stone, clay and glass products and miscellaneous nondurables.

Final estimates of business spending for new plant and equipment in the first quarter were down about 8 percent from expectations as reported in February and March. Although first quarter investment anticipations tend to be overstated, investment in manufacturing industries, which accounts for more than half of the total, was 12 percent less than reported intentions with most of the difference occurring in durable-goods industries. Primary iron and steel, metal fabricators, manufacturing machinery and motor vehicle producers all reported actual investments substantially below earlier expectations.

Preliminary data for the third quarter indicates some seasonal decline in plant and equipment investment. The major industries in which expenditures are expected to be above second-quarter levels are electrical machinery and equipment, electric and gas utilities, chemicals and petroleum and coal products.

New construction expenditures in May rose to 2.75 billion dollars, setting a new record for the month, but the gain was somewhat less than seasonal. Private construction gained about 7 percent during May but still remained lower than last year. Residential building was up 8 percent over the month and was almost equal to last year. Industrial construction, despite recent declines, was still 15 percent above a year earlier. Most other types of private nonresidential building displayed seasonal increases in May but remained substantially below a year ago. Public utility construction continued to increase and totaled about 8 percent higher than in May 1951. During the first five months of 1952, new construction outlay totaled 11.9 billion dollars, 3 percent more than during the same period of last year. But total private outlays for new construction were down 4 percent from a year earlier.

Public construction outlays rose 12 percent from April to May and were 17 percent larger than a year ago. An increase in highway work, although less than usual for this time of year, plus continued expansion in the rate of expenditure for military, atomic energy and defense plant facilities contributed to these gains. Total public outlays for new construction in the first 5 months of 1952 exceeded 3.8 billion dollars, 25 percent more than for the similar period of last year.

New housing starts totaled 107,000 in May, down 1 percent from April. Private housing starts at 98,600 were about equal to the previous month, so most of the decline was in public housing. During the first five months of this year a total of 455,600 units were started, only slightly fewer than a year earlier. But private dwelling starts were about 5 percent under the total for the first five months of 1951. In early June a change in Regulation X was announced, permitting easier down payments on houses.

Defense Spending Rises

National security spending in the first quarter was at an annual rate of 47.2 billion dollars, up 3.1 billion from the previous quarter. Preliminary information available for April and May suggests that the increase for the second quarter would be larger.

OUTPUT AND EMPLOYMENT

Industrial Output Lower

Industrial production dipped again in May, largely as a result of the work stoppage in the petroleum refining industry. The Federal Reserve Board's seasonally adjusted index of industrial production fell 2 points from April to 214 percent of the 1935-39 average, the lowest level since July of last year. Durable manufactures were down 1 point below April to 276. Steel production was curtailed in early May, but subsequently increased to 102 percent of rated capacity. Output for the month was a little above April, but only because of an extra work day. Passenger car assembly continued near a 4.8 million-unit annual rate, moderately above the level in the second half of last year. Transportation equipment was the only durable group to increase output in May, about 2 percent. Declines were registered for major household appliances, 5 percent; lumber and products, 6 percent; and stone, clay and glass products, 2 percent. The index of nondurable production dropped another 3 points in May to 180, 9 percent below the same month in 1951. The interruption in the petroleum industry caused a 24 percent decrease in output of petroleum and coal products. Declines occurred also in rubber and manufactured food products. Partly offsetting these decreases was a 3 percent increase in textiles and a slight gain in chemicals. The index of mineral production was off 3 percent in May to 161, largely as a result of curtailed coal production coming partly from a shut down of steel industry "captive" coal mines accompanying the interruption in steel output and partly from a decrease in demand for coal for other uses.

A further decline in industrial production probably occurred in June as the work stoppage reduced steel output to only a fraction of capacity. Toward the end of the month many steel users were closing down or reducing production schedules because of limited supplies of steel. In some instances lack of steel resulted in an earlier than usual plant shut down for vacation. Because of the strategic importance of steel in production of many consumer and military goods a continuation of the work stoppage would progressively restrict output in steel using industries and would generally curtail the productive capacity of the economy. Although unemployment in industries affected directly and indirectly by the interruption in steel production would further reduce worker incomes, the net effect of a general reduction in output probably would exert upward pressure on prices of products made from steel.

Manufacturers' sales in April, after allowance for seasonal differences, were 6 percent higher than March. The increases were rather general with the nondurable group showing a fractionally greater percentage change than durables. Among the durables major gains were made by lumber, 18 percent; professional and scientific instruments, 15 percent; miscellaneous industries, 15 percent; fabricated metals, 8 percent; and motor vehicles and equipment, 7 percent. Electrical machinery and stone, clay and glass products showed sales declines. In the nondurable-goods industries sales increases in April ranged between 10 and 13 percent for textiles, apparel, tobacco, beverages and printing and publishing. Food and kindred products and leather both rose about 8 percent. Only paper and paper products decreased over the month. An average 6-percent gain in sales by durable-goods industries accounted for most of the 3-percent rise in total manufacturers' sales from April of last year. Sales increases of 55 percent for transportation equipment, 24 percent for machinery and 21 percent for professional and scientific instruments more than offset declines of 6 percent in primary metals and stone, clay and glass products, 12 percent in furniture and fixtures, 10 percent in miscellaneous industries and 1 percent in fabricated metals. Divergent changes from a year ago were also evident in the soft-goods industries. Large increases in sales of beverages, tobacco, petroleum and coal products, and printing and publishing were only partially offset by decreased sales of food, textile, leather and paper products.

New orders placed with manufacturers in April were about 1 percent less than in March. Since this is less than the usual seasonal decline it indicates some improvement in the rate of ordering. The firming up in new business was slightly more pronounced among the nondurables than among the durables. With orders and sales nearly in balance, there was virtually no change in total order backlogs. A slight increase in unfilled orders for durables was matched by a like decline in nondurables to continue the trends of recent months. Book value of Manufacturers' inventories at the end of April, after seasonal adjustments, reflected the fourth consecutive month of no significant change. This apparent stability has been derived from the offsetting effects of expansion in durable-goods inventories and liquidation of nondurable-goods stocks. For both groups, however, changes in recent months have been small.

Wholesale sales, seasonally adjusted, rose 5 percent in April to a level 8 percent above the same month in 1951. Increases over the month were general in all categories with gains averaging 10 percent for durables and 3 percent for nondurables. Wholesale inventories at the end of April, only slightly below March, were 5 percent lower than a year earlier. A small increase in durable stocks only partly offset a 2 percent drop in nondurables.

Employment Higher in May

Total employment in May was more than 1 million greater than in April and about equal to last year's record level. This rise was somewhat more than is usual for this time of year. Nonagricultural employment rose 500,000, the first sizable gain this year, largely because of expanded activity in construction and other outdoor work. There has been some decline in factory employment in recent months. The increase in agricultural employment was less than seasonal. Following 3 months of relative stability, the civilian labor force, estimated at 62.8 million in May, was 1.0 million larger than in April.

Unemployment remained virtually unchanged at an estimated 1.6 million--approximately the same as the relatively low levels of a year ago. Workers idled by labor disputes are classified as employed worker in the Department of Commerce estimates of employment. Work stoppages caused over 5 million man-days of idleness in April 1952, the highest in any month of 1951 or 1952. The million workers idled by work stoppages which began in April were exceeded only by the 1,370,000 recorded in January 1946.

There is some evidence that younger workers were finding jobs more difficult to locate than last year. About 5.3 percent of all civilian workers under 25 years of age were jobless in May, compared with 4.1 percent a year earlier. The unemployment rate for older workers continued at the relatively low level of a year ago.

Total farm employment as reported by the Bureau of Agricultural Economics for late May was 10.9 million. There was a seasonal rise of 780,000 from April as spring planting and cultivation continued and harvesting got under way in some areas. However, the increase in farm employment was somewhat less than is usual for this time of year.

A recent announcement by The Office of Defense Mobilization focuses attention on the necessity for maintaining an adequate work force to assure the higher production levels required of agriculture in 1952 and succeeding years, and restates the importance of food and fiber production in the defense production program. Provisions are being made for intensified recruitment efforts to meet manpower needs and continued emphasis is being given to applying the policy in deferring registrants whose activities are necessary to the maintenance of agricultural production.

COMMODITY PRICES

Wholesale prices eased almost 1 percent from the middle of May. The Bureau of Labor Statistics all commodity index, at 111.2 percent of the 1947-49 average on June 17, was down about 3 percent from a year earlier. Farm products dropped 3 percent over the 4 week period, while only minor declines were registered for processed foods and commodities other than farm and food. Farm products were down about 6 percent from the year-ago levels, but the other two categories were off only about half as much.

The general index of 28 basic commodity prices (August 1939 = 100) dropped to 293.1 on June 17, erasing the gains that occurred in the month prior to May 20. All of the major groups contributed to this decline with imported commodities and raw industrials off 2 percent and foodstuffs about 1 percent. Compared with a year ago, the general index was down 16 percent. Imported commodities suffered the largest decrease over the year, about one-fourth; raw industrials, a fifth; and foodstuffs, about 6 percent.

Prices Received by Farmers
down slightly

The index of prices received by farmers was 292 percent of the 1910-14 average on June 15, down 1 point from a month earlier and 3 percent below the corresponding month of 1951. Lower livestock and livestock product prices, led by a substantial decline in beef cattle prices, were nearly offset by increased average prices for crops which resulted from higher prices for cotton, some fruits, potatoes, corn and most oil-bearing crops.

Livestock and livestock product prices averaged 2 percent lower than in mid-May, and 9 percent under last year. Prices for meat animals were down 4 percent from last month with substantial declines for beef cattle and sheep and lower prices for other meat animals. The index of meat animal prices was 10 percent less than in mid-June 1951. Some seasonal decline in prices for dairy products left them 3 percent above the year before. Poultry and egg prices, up about 3 percent over mid-May, were still 17 percent below last year. Wool prices continued to rise slowly but still remained at levels about one-half those of a year earlier.

The all-crop index of prices received by farmers in mid-June was up 3 percent from May and 5 percent above a year earlier. With prospects for a large wheat crop this year, prices of food grains were down 3 percent from a month earlier to levels somewhat below those of last year. Potato prices rose abruptly following the removal of price ceiling regulations in early June, and the average price received by farmers in mid-June was up 17 percent from a month earlier, carrying the index of "other" vegetable prices 14 percent above mid-May and 128 percent above June 1951. Truck crop prices dropped 12 percent as the late-spring areas came into production but the decline was smaller than usual and the June index was one-third higher than a year earlier. Prices for feed

Table 1.- Indexes of wholesale and basic commodity prices, selected groups, June 1951 and May 20 and June 17, 1952 with comparisons

Group	June 17, 1952	May 20, 1952	June 1951	June 17, 1952	
				percentage change from	June 1951
				May 20, 1952	June 1951
				Percent	Percent
28 Basic commodities (Aug. 1939=100)					
General index	293.1	297.0	351.2	- 1.3	- 16.5
Raw industrial	269.6	275.1	337.5	- 2.0	- 20.1
Imported commodities	287.1	293.2	375.5	- 2.1	- 23.5
Foodstuffs	353.3	357.6	376.9	- 1.2	- 6.3
Wholesale prices (1947-49=100)					
All commodities	111.2	112.0	115.1	- .7	- 3.4
Farm	107.3	110.6	113.9	- 3.0	- 5.8
Food, processed	108.6	108.7	111.3	- .1	- 2.4
All other than farm and food	112.5	113.0	116.2	- .4	- 3.2

Table 2.- Group indexes of prices received by farmers, June 15, 1952
with comparisons

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(1910-14=100)

Group	June 15, 1952	May 15, 1952	June 15, 1951	June 15, 1952	
				percentage change from	May 15, 1952 : June 15, 1951
Food grains	238	245	240	-3	-1
Feed grains and hay	226	227	217	<u>1/</u>	+4
Cotton	319	303	353	+5	-10
Tobacco	437	436	438	<u>2/</u>	<u>1/</u>
Oil-bearing crops	289	280	358	+3	-19
Fruit	220	190	200	+16	+10
Truck crops	250	285	189	-12	+32
Vegetables	393	346	172	+14	+128
All crops	277	270	263	+3	+5
Meat animals	380	394	422	-4	-10
Dairy products	277	281	269	-1	+3
Poultry and eggs	181	175	217	+3	-17
Wool	291	287	567	+1	-49
Livestock and products	306	313	335	-2	-9
Crops and livestock and products	292	293	301	<u>1/</u>	-3

1/ Less than 0.5 percent decrease.

2/ Less than 0.5 percent increase.

grains and hay continued almost unchanged from mid-May, but 4 percent higher than last year. Higher prices for cotton over the month reflects increased activity in the textile markets. Oil-bearing-crop prices declined after a strong upward movement in May and early June, but on June 15 remained 3 percent above mid-May. However, prices were still off one-fifth from mid-June 1951. Fruit prices rose 16 percent during the month to levels 10 percent higher than the year before.

Average prices paid by farmers for commodities used in production declined 3 percent from mid-May, to the lowest level recorded since August of last year. A 13 percent drop in feeder and replacement live-stock prices and slightly lower average feed prices were reflected in the decrease. Little change was recorded in prices of other production goods. Farm family living costs rose slightly with a further advance in food prices. The index of prices paid by farmers including interest, taxes and farm wage rates -- the parity index -- dipped 3 points to 286 in mid-June. As a result of the more rapid decrease in the parity index, the parity ratio (the ratio of the index of prices received to the parity index) rose to 102 in June compared with 101 a month earlier and 107 in June 1951.

The consumers' price index for moderate-income families in large cities rose slightly in May to 189.0 percent of the 1935-39 average. This is only one-tenth of a percentage point below the January 1952 peak. Prices for food, rent and miscellaneous items crept upward, and were only partly offset by slight decreases for apparel, utilities and housefurnishings.

AGRICULTURAL EXPORTS

Agricultural exports were valued at 1,125 million dollars in the first quarter of this year, down 8 percent from the last quarter of 1951, but up 12 percent from the quarterly average for 1951. Compared to the fourth quarter of 1951, food exports were up 22 percent while exports of agricultural non-foods were down 29 percent.

U. S. Government financing of exports of agricultural products has declined in importance in recent years. For example, in 1950, 1.6 billion dollars of foreign aid funds from ECA and Garioa were used to finance 56 percent of the total value of agricultural exports. (table 4) In 1951 this financing had fallen to 970 million dollars and represented about 24 percent of the total value of agricultural exports. Although Export-Import bank foreign cotton loans increased from 5 million dollars in 1950 to 110 million in 1951 and the wheat export subsidy under the International Wheat Agreement increased from 119 million in 1950 to 195 million in 1951, these increases have not been large enough to modify more than slightly the downward trend shown in the two programs in table 4.

The increases in agricultural exports in 1951 resulted mainly from developments following the outbreak of hostilities in Korea in June 1950. Both domestic and foreign demand increased substantially. Larger U. S. imports for expanding production and stockpiling contributed to increased supplies of dollar exchange available to foreign countries. These developments were accompanied by a substantial increase in total U. S. exports of goods and services.

Table 3.- Value of exports of United States agricultural products
in specified periods

Period	Cotton including linters	Tobacco unmanu- factured	Other agri- cultural non-foods: 1/	Grain and prepa- rations	Other foods	Grand total agri- cultural
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
<u>1935-39</u>						
Annual average	318	128	29	95	178	748
<u>1946</u> Total	538	352	138	796	1,349	3,173
<u>1947</u> Total	427	271	180	1,881	1,198	3,957
<u>1948</u> Total	511	215	150	1,715	881	3,472
<u>1949</u> Total	874	252	257	1,462	733	3,578
<u>1950</u> Total	1,024	251	244	838	516	2,873
<u>1951</u>						
1st quarter	253	49	83	344	162	891
2nd quarter	262	49	117	448	210	1,086
3rd quarter	135	89	72	356	181	833
4th quarter	495	136	82	339	171	1,223
1951 Total	1,145	323	354	1,487	724	4,033
<u>1952</u>						
1st quarter	375	56	72	457	165	1,125

1/ The seven principal export items or groups which accounted for 80 percent of the total 1951 value of \$354 million were: (in millions of dollars)

- (1) vegetable oils and fats, crude and/or inedible 82, (2) soybeans 80, (3) inedible tallow 67, (4) flaxseed 15, (5) hides and skins except furs 13, (6) hops 12, and (7) hog sausage casings 11.

Table 4.- Exports of United States agricultural products, total and percent financed by funds from the two major Government foreign aid programs, ECA 1/ and Garioa 2/ 3/, calendar years 1949, 1950 and 1951 4/

Product	1949			1950			1951		
	Agri- cultural : exports : Total : value 5/	Percent of total financed with ECA and Garioa funds: value 5/	Million dollars	Agri- cultural : exports : Total : value 5/	Percent of total financed with ECA and Garioa funds: value 5/	Million dollars	Agri- cultural : exports : Total : value 5/	Percent of total financed with ECA and Garioa funds: value 5/	Million dollars
Bread grains (wheat, all wheat flour, rye) 3/.....	1,017	78		494	81	1,008		40	
Coarse grains (corn, oats, barley, buckwheat, grain sorghums).....	322	78		230	89	350		35	
Other grains and preparations.....	123	8		114	12	129		12	
Oils and fats (edible and inedible except fish and whale) oilseeds and peanuts.....	371	54		275	45	474		9	
Tobacco, unmanufactured.....	252	71		251	55	323		20	
Cotton and linters.....	874	66		1,024	62	1,145		26	
All other agricultural products.....	619	32		485	17	604		4	
Total agricultural products.....	3,578	62		2,873	56	4,033		24	

1/ ECA stands for the Economic Cooperation Administration (which became the Mutual Security Agency on December 29, 1951). ECA data are liftings compiled from the ECA notification reports; are for all ECA programs both in Europe and Asia; and are corrected for late reports through March 1952. 2/ Garioa stands for Government and Relief in Occupied Areas. 3/ The wheat export subsidy under the International Wheat Agreement may have been larger than Garioa in one or more of the years shown, but is not shown here as a major foreign aid program because the official estimates of total value of agricultural exports do not include it. 4/ Comparable data for the two years beginning July 1, 1949 and 1950 were published on page 13 of the October 1951 Demand and Price Situation. 5/ Includes all exports of the products whether financed with funds from the two major U. S. Government foreign aid programs or with other Government or private funds.

FARM-RETAIL PRICE SPREADS 1/

Charges for marketing the farm-produced foods in the market basket advanced to an annual rate of \$387 in May, \$24 higher than in May 1951. Increases of 20 percent for fruits and vegetables and 7 percent for bakery and other cereal products accounted for most of the rise in total marketing charges, although gains were recorded for all commodity groups except poultry and eggs and miscellaneous products.

The farm-food market basket: 1/ Retail cost, farm value, marketing charges, and farmer's share of consumer's food dollar, April and May 1951 and 1952, and 1951 annual average

Year and month	Retail Cost <u>2/</u>	Farm value <u>3/</u>	Marketing charges <u>4/</u>	Farmer's share
	Dollars	Dollars	Dollars	Percent
1951 average	722	360	362	50
1951 - Apr.	713	362	356	50
May	723	360	363	50
1952 - Apr.	738	358	380	48
May <u>5/</u>	748	361	387	48

1/ Average annual quantities of farm foods purchased per family of three average consumers, 1935-39.

2/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics. Average annual expenditure for all foods per family is currently considerably more than the retail cost of the foods in the market basket which does not include imported foods and nonfarm foods such as fishery products or foods consumed on farms where produced. Moreover, it does not reflect the higher postwar level of food consumption nor does it allow for service costs on meals eaten in restaurants.

3/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

4/ Marketing charges equal margin (differences between retail cost and farm value) minus processor taxes.

5/ Preliminary.

The farm value of the food in the family market basket was \$361 in May, approximately the same as in May 1951. The retail cost of this food had advanced \$25, from the rate of \$723 in May 1951 to \$748 in May 1952. The quantities of farm foods included in the market basket are equal to the average annual purchases per family of 3 during 1935-39.

Farmers received approximately 48 cents of the dollar that consumers spent in May for the farm food in the market basket, the same as in April but 2 cents less than in May last year.

1/ For farm-retail price spreads data for earlier periods and for individual commodities and commodity groups, see The Marketing and Transportation Situation.

FARM INCOME

Farmers received about 13.2 billion dollars from marketings in the first half of 1952, 3 percent more than in the corresponding period last year because of a sharp increase in crop receipts. The volume of farm products sold in the first 6 months was 7 percent larger than a year ago, but prices averaged a little lower. On the other hand, prices paid by farmers for production items, interest, taxes, and wage rates averaged about 3 percent higher than in the first half of 1951.

Receipts from livestock and livestock products in the first six months totaled about 8.9 billion dollars, 4 percent less than a year ago. Meat animal receipts were about 4.9 billion dollars, down 5 percent from last year because of lower average prices. Receipts from hogs and cattle and calves were lower than last year, but sheep and lambs were higher. Total receipts from poultry and eggs were 1.5 billion dollars, down 4 percent, with declines in farm chickens and eggs more than offsetting increases for broilers and turkeys. Dairy receipts were 2.3 billion dollars, slightly above last year because of higher prices.

Crop receipts in the first half of this year were 4.3 billion dollars, 21 percent more than in the first 6 months of 1951, with sharp increases in receipts from wheat, cotton, and potatoes accounting for most of the gain.

Cash receipts in June were about 2.3 billion dollars, 9 percent more than in May and 7 percent above June 1951. The gains over May a year ago were both due to larger marketings. Receipts from livestock and products were 1.5 billion dollars, slightly less than in May 1952 and in June last year. June crop receipts of 0.8 billion dollars were up seasonally from May and about 30 percent above last June.

LIVESTOCK AND MEAT

Total livestock slaughter and meat production in the second half of 1952 will probably not be greatly different from a year earlier. In the first half they were moderately above last year. This outlook points to generally continued strength in prices of meat animals so long as consumer demand for meat does not weaken. Greatest price strength is likely for hogs. Prices of fed cattle may pick up a little in early fall, while prices of grass cattle and of lambs are more likely to decline seasonally during the fall period of largest marketings.

Commercial cattle slaughter in the first 6 months was about 5 percent larger than a year earlier. Slaughter in the second 6 months will likely be above the corresponding period of last year by a greater percentage. However, cattle slaughter apparently is not increasing enough to retard appreciably the expansion in numbers on farms. Unless slaughter is stepped up substantially in months ahead the increase this year will amount to 5 million or more. Last year, the number of cattle on farms increased a record 6 million head.

Slaughter cattle prices for most of this year have been only a little below last year, and are likely to continue in about that relationship as long as substantial increases in cattle slaughter are delayed. Prices of fed cattle weakened this spring under pressure of seasonally larger marketings, but some increase may occur in early fall. Prices of grass cattle are expected to decrease seasonally and to be farther below 1951 than fed cattle prices as marketings expand near the end of the grazing season.

Commercial hog slaughter in the first 6 months of 1952 was about 7 $\frac{1}{2}$ percent larger than last year. The increase occurred entirely in the first 4 months; in May and June slaughter was below last year. Slaughter will continue below a year earlier throughout the rest of 1952 and well into 1953. The 9 percent reduction in the spring pig crop from 1951 will be reflected in a similar reduction from last year in hog slaughter this fall and winter. If farmers carry out their intentions to have 9 percent fewer sows farrow fall pigs, hog slaughter and pork production will remain below a year earlier in the spring and summer of 1953.

By late June, prices of barrows and gilts at Chicago were about \$3.50 per 100 pounds higher than at their low in early April, but were \$2.50 lower than on the same date last year. A further rise is in prospect. A seasonal high is expected in late summer or early fall. A seasonal decline in hog prices is in prospect for this fall and prices may be as high as or higher than a year earlier.

Prices of lambs declined in mid-June after a period of relative stability above their late winter low. A seasonal decrease seems likely when marketings are largest this fall.

Consumption of beef per person in the second half of 1952 will be larger than a year earlier, but consumption of pork will be smaller. Total meat consumption for this period will be about the same as last year unless marketings of cattle this fall should prove unusually large. Since meat consumption per person in the first half of 1952 was a little above last year, consumption for all of 1952 seems likely to exceed last year's 137.7 pounds by about 2 pounds.

DAIRY PRODUCTS

Wholesale prices of most dairy products are about the same as a year ago. The price of milk used for fluid consumption in early June was 5 percent above a year earlier. Prices received by farmers for milk and butterfat have passed the usual seasonal low point for the year and probably will rise about seasonally to the fall or early winter peak.

Milk production has begun its seasonal decline. The annual rate of production in recent months has been slightly under 115 billion pounds. Compared with total output in 1951 of 115.6 billion pounds. The number of cows on farms at the beginning of 1952 was 1 percent below a year earlier and the output per cow in reporters' herds has been no greater than a year earlier, despite good pastures and about average relationships between milk and feed prices.

Latest figures indicate consumption of fluid milk slightly above the 1951 level. Consumption of skim milk items continues its upward trend but use of fluid cream is running under that of a year earlier. Retail milk prices in early June were 5 percent above a year earlier but the effect on consumption was offset by larger consumer income and the growth in population.

Total quantity of milk used in factory products continues below a year earlier, with production of butter and cheese in recent weeks nearly as great and nonfat dry milk solids and ice cream greater to date this year, and all other items smaller. The portion of current production of the factory products used for immediate consumption has been about the same as a year earlier, but total storage stocks of dairy products are well under those of last year when milk production was slightly higher.

POULTRY AND EGGS

Egg prices rose seasonally in June, but they continue far below the levels of a year earlier. Since the beginning of the year, prices received by farmers for eggs have averaged 35.7 cents per dozen, 18 per cent under the corresponding 1951 average. Although the mid-June average price received by farmers--35.7 cents per dozen--was only about 2 cents above the season's low, there had been substantially larger increases for specific grades of eggs in the wholesale markets. For example, mid-Western large white Extras in New York averaged 42.2 cents per dozen in the last half of June, compared with 36 cents in mid-February.

Low egg prices during the spring occurred at a time when poultrymen's feed costs were, except for 1947-48, the highest in the past 30 years. Consequently, egg production was less profitable this spring than in most other recent years. Lower returns were a factor contributing to the 7 per cent reduction from last year in the number of young chickens on farms June 1. This reduction will be reflected in 1953 egg production. Production in 1952 is not likely to be appreciably affected because the young chicken flock includes more early-hatched chickens than last year.

Commercial storage holdings of shell eggs on June 1 were 52 percent larger than last year, while holdings of frozen egg were 10 percent smaller. Combined, these stocks were 10 percent larger than last year.

The Government's surplus removal program for eggs was completed June 30. Purchases under this program totaled 227,059 cases of eggs which will be used in the School Lunch program.

Broiler prices, after having fallen sharply in late April and early May, turned upward in June; but the increase did not restore them to the average level of the first 3 months of 1952. Marketings of birds raised from the record number of chicks placed in the four weeks ending in mid-March were a factor in the decline. Under the impact of the reduced prices, broiler placements fell below a year ago. They have since turned upward, although in late June they were not back to the levels of June 1951. The U. S. average price in mid-June was 26.8 cents, down 2.9 cents from a year earlier.

Prices received by farmers for farm chickens in mid-June averaged 21.6 cents, compared with 27.0 cents a year earlier. The June turkey price received by farmers was 32.3 cents per pound compared with 35.8 cents last June. Factors accounting for the relatively low poultry prices are the large marketings of broilers in June, the prospective large crop of turkeys, seasonally increasing farm chicken supplies, and large remaining stocks of poultry in cold storage.

FATS, OILS AND OILSEEDS

Prices of edible vegetable oils and lard have declined in recent weeks, after a strong upward movement in May and early June. Prices of edible oils are still higher than they were during most of May, but the dip in lard prices has offset the previous increase. Prices of most drying oils averaged about the same as in May, but the price of soap fats was higher. In June the index of wholesale prices of fats and oils except butter was about 55 percent of the 1947-49 average, compared with 54 in May and 86 in June 1951.

Production of primary edible fats and oils was at a record level in the first half of the October 1951-September 1952 marketing year, but is expected to drop somewhat below the levels of a year earlier this summer. Reduced production of soybean oil and lard probably will account for most of the decline. Total stocks of soybeans on April 1 were 9 percent smaller than a year earlier and hog slaughter, which was a tenth above a year earlier in October-March, probably will be smaller than in the summer of 1951. Butter output also is likely to decline slightly.

Disappearance of fats and oils used in food in the first half of the current marketing year was less than in the same period of 1950-51, but from April to September this year disappearance is expected to be larger than a year earlier. Exports of food fats and oils (including oil equivalent of soybeans and peanuts) in the October-March period were about 35 percent greater than a year earlier. However, shipments abroad during the last half of the current season are not likely to reach the high level of the spring and summer of 1951.

Stocks of primary food fats and oils, except butter, are large. Unless exports are much greater than expected, carry-over at the end of the 1951-52 marketing year will be considerably larger than on the same date in 1951.

CORN AND OTHER FEED

Feed price changes in the last month were mixed. Prices of corn were up, while those of oats, barley and wheat mill feeds were down. On June 15, the price of corn and barley were above support levels, while oats was at the support and grain sorghums below that level. Prices of most of the high-protein feeds remained at the ceiling levels in June. The index of wholesale prices of protein feeds was about a fifth higher than a year earlier, reflecting strong demand and currently smaller production of some of the feeds.

Prospects for the 1952 feed crops will continue to be the dominant factor influencing feed prices during the next few months. Other factors which have a bearing on the feed outlook for the next few months and in 1952-53 are: (1) Higher price supports on 1952 crops; (2) compared with a year earlier, stocks of feed grain now on hand are smaller and prospects are that the carry-over into the 1952-53 feeding year will be about one-third smaller; (3) smaller pig crops in 1952.

The growing season through early June was generally favorable for feed crops. Pastures have been in good to excellent condition over most of the country and a near record hay supply is in prospect. Corn crop prospects were generally favorable, although wet weather delayed the crop in areas of the Eastern Corn Belt.

The quantity of feed grains placed under price support from the 1951 crops was much smaller than in any of the 3 preceding years, reflecting a strong demand for feed and a relatively small 1951 production. A total of 1.6 million tons of the 4 feed grains were placed under price support, compared with 4.2 million tons in 1950, nearly 15 million in 1949, and 18 million in 1948. Most of the 1951 feed grains placed under support are expected to be redeemed by farmers. CCC stocks of corn have been reduced considerably during the past year, although over 300 million bushels are still owned by CCC. A substantial part of the corn carry-over next October 1, now expected to total around 450 to 500 million bushels, is expected to be under CCC ownership.

WHEAT

Production prospects in June indicate that wheat supplies for the 1952-53 marketing year likely will be at about a record level and that the wheat carry-over at the end of the year may well be double the carry-over at the beginning of the marketing year. The carry-over on July 1, 1952 may be about 250 million bushels, which is below average.

The price of No. 2 Hard Winter Wheat at Kansas City declined 32 cents from \$2.48 on May 8 to \$2.16 on June 23, and is 32 cents below the announced loan rate for the 1952 crop. In 1951-52 the low point of \$2.27 at Kansas City which was reached on July 25, was 17 cents below the loan. In 1949-50 the low point, reached on July 2, was 35 cents under the loan. For the 1949-50 year as a whole, No. 2 Hard Winter at Kansas City averaged \$2.20, or 4 cents below the loan rate while the national average price to growers averaged \$1.88, or 7 cents below the loan level.

Wheat price support at a national average of \$2.20 a bushel to farmers for the 1952 crop was announced on June 30. Last year's average was \$2.18 a bushel. The price support was set at 90 percent of parity as of the beginning of the marketing year, July 1. July 1 parity is \$2.45 a bushel compared with \$2.41 on the same date last year. The loans will be available through January 1953, and will mature April 30, 1953 or earlier on demand. Purchase agreements may be entered into and they will mature on these same dates. Terminal market price support rates per bushel are as follows: No. 2 Hard Winter at Kansas City, \$2.48; No. 1 Dark Northern Spring at Minneapolis, \$2.51; No. 2 Soft Red at St. Louis, \$2.52; and No. 1 Soft White at Portland, \$2.44.

In the past 13 marketing years, the low points of wheat prices have been reached in the June-August period. In view of production prospects, prices of wheat at this period in 1952 are expected to continue below those of a year earlier, and the quantity of the crop placed under loan is expected to be the largest since the program was initiated in 1938. With a fairly strong demand in prospect, prices received by growers are likely to strengthen seasonally and, for the 1952-53 year as a whole, may average around 7 cents below the effective loan rate as they did in 1949-50.

The price of spring wheat is strong compared with the price of winter wheat largely because of poorer spring wheat prospects and the later harvest of the spring crop. The price of No. 1 Dark Northern Spring at Minneapolis on June 30 was \$2.51 per bushel, which is 13 cents below the new support level.

Wheat production was estimated on June 1 to total 1.3 billion bushels for winter and spring wheat combined. Including small imports and a carry-over of about 250 million bushels, the total supply available for the 1952-53 marketing year would be about 1.6 billion bushels, approximately the same as the previous record in 1942. Domestic disappearance may total around 735 million bushels. This would leave about 870 million bushels for export and carry-over. Exports in 1952-53 are expected to be smaller than the (460 million estimated for 1951-52)--possibly by nearly 100 million--and carry-over stocks at the end of the 1952-53 marketing year may be double those estimated for July 1 this year. Such a carry-over would be above the 1942-51 average of 335 million but below the 631 million bushels in 1942.

FRUIT

In July 1952, supplies of deciduous fruits may not be quite as large as in July 1951, and grower prices may average about the same as a year earlier. Later in the summer as supplies of some fruits become seasonally larger and processing becomes heavy, prices probably will average lower than in the summer of 1951.

Deciduous fruit prospects on June 1, 1952, were slightly below a year earlier, pointing to smaller total production. Production of sweet cherries is expected to be much larger than in 1951, that of peaches moderately larger, and that of pears about the same. But the outlook is for smaller crops of most other deciduous fruits.

Total production of peaches in 1952 is expected to be about one-tenth larger than in 1951 and slightly above the 1941-50 average. In the 10 Southern States, from which marketings will become heavy in July, estimated production is down 3 percent from 1951 and 13 percent from average. Hence, grower prices in July from some of these States may average somewhat above the relatively low prices of July 1951. But prices for peaches marketed from other States later in the season probably will not bring prices as high as in 1951. Prospective production of California clingstone peaches is down about 10 percent from the record 1951 crop but nearly 14 percent above average and hence large enough for the usual requirements for canning.

Because of probable smaller supplies of fresh plums and apples in July than in July 1951, grower prices for these two fruits are likely to average higher in that month than a year earlier. Although the 1952 crop of pears is estimated about the same as the 1951 crop, prices for pears probably will average higher in July than the relatively low prices in July 1951. With production up sharply, prices for sweet cherries are expected to average lower in July than a year earlier. Prices for sour cherries probably will average about the same as in 1951.

Supplies of fresh oranges during July and August will consist mostly of California Valencias, production of which is considerably smaller than in 1951. Grower prices for summer oranges in July and August are expected to continue at or near June levels. Supplies of fresh grapefruit, also mostly from California, will be seasonally light in summer and some increase over June 1952 prices can be expected. Supplies of fresh lemons probably will be about as large as last summer.

With the season for processing Florida citrus nearing the end, output of canned citrus juices by June 14, 1952 exceeded 33 million cases (24-2's), 19 percent smaller than by that date in 1951. At the same time, stocks held by packers were about 23 percent smaller. This reduction in pack of canned citrus juices was more than offset by a substantial increase in output of frozen orange concentrate, which for the first time passed the 43 million-gallon mark, and was 57 percent larger than the pack by June 14, 1951. Packers' stocks were about two-thirds larger than those of a year earlier.

On June 1, 1952, packers' stocks of 10 major items of canned fruits combined were about 72 percent larger than on that date in 1951.

Cold-storage holdings of frozen deciduous fruits and berries on May 31, 1952 were approximately 200 million pounds, 7 percent smaller than on that date in 1951. As usual there was a heavy net movement of strawberries into storage in May as freezing of this fruit was seasonally heavy. But the holdings of about 70 million pounds on May 31, 1952 were 8 percent smaller than the record stocks of a year earlier.

COMMERCIAL TRUCK CROPS

For Fresh Market

Most fresh vegetables probably will continue somewhat higher in price through early summer than a year earlier because of smaller supplies and continued strong demand this year. Acreages of summer crops thus far estimated are smaller than last year for all but melons, lettuce and carrots. Yields per acre for each crop except green peppers and tomatoes for early summer harvest are indicated to be smaller than last year. That the aggregate summer tonnage indicated to date is only 2 percent below that of a year earlier, is primarily due to the expected increase in the lettuce crop.

Prospective summer production is estimated so far to be the lowest relative to last year and to average for cucumbers, snap beans, beets, onions, and tomatoes. Prices for these crops, therefore, probably will be higher than last year.

For Commercial Processing

The total quantity of vegetables grown for commercial canning and freezing this year is expected to be adequate to meet anticipated demands, granted normal growing weather. Preliminary information available to date indicates probable acreages equal to or larger than those suggested by the goals for green lima beans, snap beans, sweet corn, and cucumbers for pickles. Acreages somewhat smaller than suggested by the goals are indicated for the processing crops of beets, green peas and tomatoes.

Total May 1 stocks of most commercially canned and frozen vegetables are substantially larger than those of a year earlier, both in the aggregate and by most major individual items. Principal exceptions are canned sweet corn, lima beans, carrots, and sweetpotatoes, and frozen broccoli (frozen Brussels Sprouts are only slightly larger than a year earlier), cauliflower and sweet corn.

Military takings of canned vegetables are expected to total lower in 1952 than in 1951. Civilian consumption, however, is expected to be fully as high as last year. Not much change from current price levels is expected for canned and frozen vegetables during 1952.

POTATOES AND SWEETPOTATOES

Price ceiling regulations on potatoes were revoked by the Office of Price Stabilization on Friday, June 6, 1952. Prices quoted F. O. B. at major shipping points rose immediately 2 to 3 dollars per hundredweight, an increase of from 50 to more than 100 percent above nominal prices previously quoted. Potatoes quickly reappeared in normal distributive channels. Carlot shipments of new potatoes by rail in the first week following removal of ceilings were some 1,200 cars, nearly 23 percent, higher than during the previous week and about 900 cars more than in the corresponding week a year earlier. However, at least part of the rise could be attributed to the seasonal increase in supplies available. Potato prices have fluctuated considerably since ceilings were revoked. For example, the price of California Long White potatoes, delivered shipping point basis, Bakersfield, Cal., averaged \$3.66 per hundredweight for the week ending May 31. Average price for the week ended June 14 rose to \$4.58, but in the following week fell to \$3.64. Market prices have since strengthened considerably and probably will remain relatively high until about mid-July.

Total late spring commercial production is now estimated at nearly 36.5 million bushels or 9 percent more than comparable production last year. Movement of this crop is coming later than usual this year. In the early commercial summer harvest areas for which production is estimated, a prospective production 22 percent smaller than last year is indicated. An estimate of acreages planted and prospective production of the total crop will be issued July 10.

Sweetpotatoes continue scarce and high priced, with prices to farmers averaging more than double those of a year earlier, and far above parity. With average weather, a larger crop is expected this year than last, and prices should be dropping at least seasonally by next September.

DRY BEANS AND PEAS

If acreage of dry beans this year turns out in line with the March report of farmers' planting intentions, the total supplies of dry beans available next fall will be less than a year ago and some reduction in stock will result. In this event prices received by farmers for the 1952 crop are likely to average higher than those received for the 1951 crop.

Acreage of dry peas may be down nearly one-fifth from last year if farmers follow the March intentions to plant. Prices received by farmers for a small crop of about the size that might be expected on such an acreage probably would be at least slightly higher than prices received for the 1951 crop, even though total demand for peas may be no stronger than in 1951.

COTTON

The price of cotton increased rather steadily from the last half of May through June. The average 10 spot market price for Middling 15/16 inch cotton rose from 38.08 cents per pound on May 14 to 40.49 on June 25. The average price received by farmers increased from 36.08 cents in mid-May to 38.02 cents in mid-June, 105 and 111 percent of the parity price, respectively.

The price rise seems to have been caused by increased mill buying and light offerings of some qualities. Trade reports indicate that orders for grey goods during the latter part of May and June increased over the level of the previous few months. Orders for delivery well into the future were received by the mills.

The average daily rate of cotton consumption during May was up contraseasonally 3.8 percent from that of April. This was probably influenced by a full week's shut down by some mills during April. The average daily rate in May was 35.2 thousand bales. This compares with 42.7 thousand in May 1951.

Exports of cotton through April amounted to 4,890 thousand bales. This was 44 percent larger than for the same period in the 1950-51 marketing season, when exports were restricted by allocations, and 16 percent larger than in the 1949-50 season when there were no restrictions on cotton exports.

Imports of cotton during the 1951-52 season have been unusually small. During the first 9 months of the season the United States imported 68,3 thousand bales. This was 72 and 54 percent respectively smaller than imports during the same period in the 1949-50 and 1950-51 seasons.

The low rate of imports was probably caused by relatively large stocks of foreign cotton in the U. S. at the start of the current season and low consumption of foreign cotton from August 1, 1951 through May, 1952. Stocks of 112.1 thousand bales on August 4, 1951 were 15 and 63 percent larger than on approximately the same date in 1949 and 1950. Consumption from August through May of 69.4 thousand bales was 55 and 53 percent smaller than for the same period in the 1949-50 and 1950-51 seasons.

On June 9, the Commodity Credit Corporation announced, "all 1951 crop loan cotton still under loan on August 1, 1952 will be pooled on that date by the Commodity Credit Corporation for producer's accounts. The loans mature July 31, 1952." On June 5, there were 399 thousand bales of cotton held under Commodity Credit Corporation loans. The producers can, if they desire, redeem this cotton from the loan or sell their equity to someone else who will repay the loans, before August 1.

Winters consumption from August 1951 through May, 1952 totaled 1,125 thousand bales, down 6.9 percent from the same period last season, Bleachers consumed 700 thousand, an increase of 1.1 percent; and 425 thousand were used by other consumers, a decrease of 16.7 percent.

WOOL

Wool auctions in Australia, New Zealand, and South Africa had closed for the season by the end of June. The opening auctions for the coming season are scheduled for early September. Prices at the Australian auctions advanced gradually from late March then declined slightly until late May, but again advanced during June. Late in June, prices at the Australian auctions ranged from 25 to 30 percent above the levels of late March.

Quotations for most domestic and foreign wools at Boston were the same at mid-June as a month earlier. Australian 64's, 70's good top-making wool has been quoted at \$1.43 per pound, clean basis (American yield), in bond, since early May. Domestic territory fine staple and good French combing wool has been quoted at \$1.58 per pound, clean basis, since early April. For the past several months, most Boston quotations have been nominal rather than actual sales prices.

The mid-month average of prices received by growers for shorn wool, which had declined from \$1.12 per pound, grease basis, in March 1951 to 49.9 cents in April of this year, advanced to 51.8 cents in June. The average price at mid-June was 87 percent of parity compared with 178 percent a year earlier.

The weekly rate of mill consumption of apparel wool during April of 6.1 million pounds, scoured basis, compared with that of 8.6 million pounds a year earlier. Consumption of 108 million pounds during the first four months was 23 percent below that of a year earlier. The weekly rate of consumption of carpet wool, which had trended upward from late last summer through February, declined somewhat during both March and April. The March and April rates were about 27 and 10 percent respectively below a year earlier. Consumption of carpet wool during January-April totaled 41 million pounds compared with 55 million pounds last year.

Imports of both apparel and carpet wool continued below last year during April. Imports of dutiable wool totaled 24 million pounds, clean basis, the highest since May last year. The total for the first 4 months of this year, 81 million pounds, was 36 million pounds or 31 percent below that of the same months of last year. Imports of duty-free carpet wools during the same months amounted to 35 million pounds, about 31 percent less than last year. Imports during April amounted to about 10 million pounds, almost as much as during March. Imports during both March and April were higher than for any other month since April last year.

Commercial stocks of wool held by dealers and manufacturers in the United States at the end of the first quarter of this year amounted to 165 million pounds, scoured basis. During the first quarter, holdings of apparel wool were reduced from 135 to 131 million pounds, while stocks of carpet wool were lowered from 38 to 34 million pounds. A year earlier, holdings of apparel wool totaled 130 million pounds and of carpet wool 45 million pounds.

TOBACCO

The season average price for the 1952 flue-cured tobacco crop is not likely to be much different than the 52.4 cents per pound received for the 1951 crop. Demand by purchasers for domestic uses is expected to continue strong but export demand will be weaker. The 1952 level of price support for all flue-cured types 11-14 combined is 50.6 cents per pound compared with the 1951 crop support level of 50.7 cents. Ninety percent of the June parity for flue-cured was 50.2 cents per pound, less than the "minimum" announced in March; and as provided by law in such a case, the "minimum" becomes the actual support level. Flue-cured tobacco is a major component of domestic cigarettes. Cigarette manufacture in the United States during the fiscal year ended June 30 is estimated at 421 billion--3 percent above the 1950-51 level and a new record cigarette consumption is likely to remain at a high level in the year ahead.

Approximately 60 percent of the Maryland crop had been sold by the end of June. Auction prices averaged close to 43.8 cents per pound for the season thus far. This is 13 percent less than in the corresponding period of last season when the 1950 crop was being sold. The season average price for the 1950 crop was 48.3 cents per pound. Government price supports are not in effect this season since Maryland growers disapproved marketing quotas.

Smoking and chewing tobacco consumption during January-May of this year was indicated at 4 percent less than in January-May 1951. Manufactured smoking tobacco (mostly for pipes) declined more than chewing tobacco. Principally, dark air-cured and Burley go into chewing and smoking products, but the main outlet for Burley is cigarettes.

Use of snuff, the principal outlet for fire-cured tobacco, was slightly higher in January-May 1952 compared with the same period of last year.

Cigar consumption in the United States in January-May 1952 was about 6 percent higher than in the same months of 1951. In the 1951-52 fiscal year about 52 percent of the cigars from domestic factories were priced at 8 cents or less and most of the gain from 1950-51 to 1951-52 has been in this price bracket.

Exports of leaf tobacco from the United States in the 1951-52 fiscal year are estimated at over 500 million pounds, declared weight, compared with 477 million in 1950-51. Tobacco exports during 1952-53 are likely to be smaller than in 1951-52 because of the dollar exchange difficulties of some of the important foreign outlets--notably the United Kingdom.

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